

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
**INVESTMENT PERFORMANCE REPORT AS OF OCTOBER 31, 2005**

	October-05				September-05				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Month	Net ROR	Market Value	Allocation	Quarter	Net ROR	Fiscal YTD	FY05	Ended	Ended
		Actual	Policy			Actual	Policy				6/30/2005	6/30/2005
											Net	Net
<b>LARGE CAP DOMESTIC EQUITY</b>												
<i>Structured Growth</i>												
LA Capital	66,778,755	4.4%	4.5%	-1.82%	70,815,392	4.6%	4.5%	5.64%	3.71%	8.17%	N/A	N/A
<b>Total Structured Growth</b>	<b>66,778,755</b>	<b>4.4%</b>	<b>4.5%</b>	<b>-1.82%</b>	<b>70,815,392</b>	<b>4.6%</b>	<b>4.5%</b>	<b>5.64%</b>	<b>3.71%</b>	<b>8.17%</b>	<b>10.17%</b>	<b>-9.06%</b>
Russell 1000 Growth				-0.97%				4.01%	3.00%	1.67%	7.72%	-10.13%
<i>Structured Value</i>												
LSV	68,630,918	4.5%	4.5%	-2.36%	70,359,654	4.6%	4.5%	4.82%	2.35%	18.24%	9.07%	11.44%
Russell 1000 Value				-2.54%				3.88%	1.25%	14.06%	6.67%	2.79%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	91,463,768	6.1%	6.0%	-2.07%	95,055,979	6.2%	6.0%	6.85%	4.64%	7.39%	7.84%	N/A
Russell 1000				-1.75%				3.95%	2.12%	7.92%	7.20%	N/A
<i>Enhanced S&amp;P 500 Index</i>												
Northern Trust	91,097,044	6.0%	6.0%	-1.59%	92,676,114	6.0%	6.0%	3.81%	2.16%	6.02%	6.83%	N/A
Westridge	90,813,669	6.0%	6.0%	-1.68%	92,465,312	6.0%	6.0%	3.65%	1.91%	6.66%	6.93%	N/A
<b>Total Enhanced S&amp;P 500 Index</b>	<b>181,910,713</b>	<b>12.0%</b>	<b>12.0%</b>	<b>-1.64%</b>	<b>185,141,426</b>	<b>12.0%</b>	<b>12.0%</b>	<b>3.73%</b>	<b>2.03%</b>	<b>6.26%</b>	<b>7.40%</b>	<b>N/A</b>
S&P 500				-1.67%				3.60%	1.88%	6.32%	6.75%	N/A
<i>S&amp;P 500 Index</i>												
State Street	45,554,590	3.0%	3.0%	-1.67%	46,389,436	3.0%	3.0%	3.61%	1.88%	6.34%	6.76%	-3.17%
S&P 500				-1.67%				3.60%	1.88%	6.32%	6.75%	-3.20%
<b>TOTAL LARGE CAP DOMESTIC EQUITY</b>	<b>454,338,745</b>	<b>30.1%</b>	<b>30.0%</b>	<b>-1.87%</b>	<b>467,761,886</b>	<b>30.4%</b>	<b>30.0%</b>	<b>4.78%</b>	<b>2.83%</b>	<b>8.65%</b>	<b>7.55%</b>	<b>-1.82%</b>
S&P 500				-1.67%				3.60%	1.88%	6.32%	6.75%	-3.20%
<b>SMALL CAP DOMESTIC EQUITY</b>												
<i>Manager-of-Managers</i>												
SEI	152,178,448	10.1%	10.0%	-3.73%	158,038,229	10.3%	10.0%	5.48%	1.54%	9.36%	10.87%	N/A
Russell 2000 + 200bp				-2.94%				5.21%	2.12%	11.64%	11.70%	N/A
<b>TOTAL SMALL CAP DOMESTIC EQUITY</b>	<b>152,178,448</b>	<b>10.1%</b>	<b>10.0%</b>	<b>-3.73%</b>	<b>158,038,229</b>	<b>10.3%</b>	<b>10.0%</b>	<b>5.48%</b>	<b>1.54%</b>	<b>9.36%</b>	<b>10.87%</b>	<b>4.08%</b>
Russell 2000				-3.11%				4.69%	1.44%	9.45%	9.99%	4.11%
<b>INTERNATIONAL EQUITY</b>												
<i>Large Cap - Core</i>												
State Street	16,275,313	1.1%	1.0%	-2.98%	16,771,189	1.1%	1.0%	10.65%	7.36%	7.68%	7.20%	-2.25%
MSCI EAFE (1)				-2.92%				10.38%	7.15%	9.59%	6.49%	-3.29%
<i>Large Cap - Active</i>												
Capital Guardian	49,659,844	3.3%	3.0%	-1.30%	50,194,725	3.3%	3.0%	11.82%	10.37%	11.23%	7.08%	-3.17%
LSV	48,500,486	3.2%	3.0%	-2.87%	49,949,026	3.2%	3.0%	11.55%	8.34%	N/A	N/A	N/A
Bank of Ireland	15,790,822	1.0%	1.0%	-2.30%	16,149,923	1.1%	1.0%	6.99%	4.53%	12.20%	N/A	N/A
<b>Total Large Cap - Active</b>	<b>113,951,151</b>	<b>7.5%</b>	<b>7.0%</b>	<b>-2.11%</b>	<b>116,293,675</b>	<b>7.6%</b>	<b>7.0%</b>	<b>11.02%</b>	<b>8.67%</b>	<b>13.74%</b>	<b>6.51%</b>	<b>-3.26%</b>
MSCI EAFE - 50% Hedged				-2.34%				11.07%	8.47%	14.41%	6.93%	-3.05%
<i>Small Cap - Active</i>												
Lazard	15,858,079	1.0%	1.0%	-4.16%	16,531,234	1.1%	1.0%	9.65%	5.08%	19.82%	N/A	N/A
Wellington	15,852,888	1.0%	1.0%	-2.37%	16,232,695	1.1%	1.0%	8.08%	5.52%	12.00%	N/A	N/A
<b>Total Small Cap - Active</b>	<b>31,710,967</b>	<b>2.1%</b>	<b>2.0%</b>	<b>-3.28%</b>	<b>32,763,928</b>	<b>2.1%</b>	<b>2.0%</b>	<b>8.88%</b>	<b>5.31%</b>	<b>15.90%</b>	<b>N/A</b>	<b>N/A</b>
Citigroup Broad Market Index < \$2BN				-2.00%				12.05%	9.81%	21.33%	N/A	N/A
<b>TOTAL INTERNATIONAL EQUITY</b>	<b>161,937,431</b>	<b>10.7%</b>	<b>10.0%</b>	<b>-2.42%</b>	<b>165,828,792</b>	<b>10.8%</b>	<b>10.0%</b>	<b>10.56%</b>	<b>7.88%</b>	<b>13.12%</b>	<b>8.55%</b>	<b>-1.45%</b>
MSCI EAFE - 50% Hedged				-2.34%				11.07%	8.47%	14.41%	6.93%	-3.05%
<b>EMERGING MARKETS EQUITY</b>												
<i>Core</i>												
Capital Guardian	45,470,184	3.0%	2.6%	-4.81%	65,494,678	4.3%	3.6%	16.25%	10.66%	33.94%	14.89%	0.22%
UBS	21,426,557	1.4%	1.5%	-5.98%	22,796,595	1.5%	1.4%	N/A	N/A	N/A	N/A	N/A
<b>Total Core</b>	<b>66,896,741</b>	<b>4.4%</b>	<b>4.1%</b>	<b>-5.11%</b>	<b>88,291,273</b>	<b>5.7%</b>	<b>5.0%</b>	<b>17.05%</b>	<b>11.07%</b>	<b>33.94%</b>	<b>14.89%</b>	<b>0.22%</b>
MSCI Emerging Markets Free												
<i>Small Cap</i>												
DFA	14,091,924	0.9%	1.0%	-2.21%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
MSCI Emerging Markets Free												
<b>TOTAL EMERGING MARKETS EQUITY</b>	<b>80,988,665</b>	<b>5.4%</b>	<b>5.0%</b>	<b>-4.92%</b>	<b>88,291,273</b>	<b>5.7%</b>	<b>5.0%</b>	<b>17.05%</b>	<b>11.29%</b>	<b>33.94%</b>	<b>14.89%</b>	<b>0.22%</b>
MSCI Emerging Markets Free				-6.53%				18.11%	10.40%	34.89%	16.38%	3.41%
<b>DOMESTIC FIXED INCOME</b>												
<i>Core Bond</i>												
Western Asset	35,538,607	2.4%	2.2%	-1.11%	33,978,831	2.2%	2.6%	-0.48%	-1.59%	7.25%	4.43%	7.05%
Lehman Aggregate				-0.79%				-0.67%	-1.46%	6.80%	2.95%	5.68%
<i>Index</i>												
Bank of ND	79,909,210	5.3%	6.0%	-0.74%	69,862,046	4.5%	4.8%	-0.93%	-1.67%	7.23%	3.09%	5.92%
Bank of ND Match Loan CD Program	-	0.0%	0.0%	0.14%	19,021,175	1.2%	1.2%	1.28%	1.42%	5.08%	4.09%	4.79%
<b>Total Index</b>	<b>79,909,210</b>	<b>5.3%</b>	<b>6.0%</b>	<b>-0.56%</b>	<b>88,883,221</b>	<b>5.8%</b>	<b>6.0%</b>	<b>-0.43%</b>	<b>-0.99%</b>	<b>6.91%</b>	<b>3.21%</b>	<b>5.77%</b>
Lehman Gov/Credit				-0.86%				-0.96%	-1.81%	7.26%	3.32%	5.82%
<i>Convertibles</i>												
TCW	36,091,279	2.4%	2.3%	-0.97%	34,388,953	2.2%	2.4%	2.95%	1.95%	-0.23%	9.52%	-2.20%
Merrill Lynch All Convertibles				-2.12%				4.15%	1.94%	0.66%	10.40%	0.76%

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	Market Value	Allocation	Month	Net ROR	Market Value	Allocation	Quarter	Net ROR	Fiscal YTD	FY05	Ended	Ended
		Actual	Policy			Actual	Policy				6/30/2005	6/30/2005
											Net	Net
<b>BBB Average Quality</b>												
Wells Capital	35,072,765	2.3%	2.2%	-1.11%	33,517,868	2.2%	2.6%	-0.82%	-1.92%	12.04%	4.49%	5.95%
Lehman BBB				-1.29%				-0.97%	-2.24%	8.60%	5.40%	5.61%
<b>Private Debt</b>												
Prudential	39,561,317	2.6%	2.6%	-0.74%	33,285,599	2.2%	2.2%	-0.27%	-1.01%	N/A	N/A	N/A
Lehman Aggregate				-0.79%					-1.46%	N/A	N/A	N/A
<b>Timberland</b>												
RMK	34,568,159	2.3%	2.3%	-6.10%	36,378,341	2.4%	2.4%	-0.24%	-6.33%	14.50%	5.19%	N/A
TIR	95,502,348	6.3%	6.3%	3.25%	91,448,499	5.9%	5.9%	-0.09%	3.15%	N/A	N/A	N/A
<b>Total Timberland</b>	<b>130,070,507</b>	<b>8.6%</b>	<b>8.6%</b>	<b>0.59%</b>	<b>127,826,840</b>	<b>8.3%</b>	<b>8.3%</b>	<b>-0.13%</b>	<b>0.45%</b>	<b>44.29%</b>	<b>7.67%</b>	<b>N/A</b>
NCREIF Timberland Index				0.32%					1.27%	14.07%	3.13%	N/A
<b>TOTAL DOMESTIC FIXED INCOME</b>	<b>356,243,683</b>	<b>23.6%</b>	<b>24.0%</b>	<b>-0.32%</b>	<b>351,881,313</b>	<b>22.9%</b>	<b>24.0%</b>	<b>-0.09%</b>	<b>-0.40%</b>	<b>19.23%</b>	<b>5.32%</b>	<b>5.07%</b>
Lehman Aggregate				-0.79%				-0.67%	-1.46%	6.80%	2.95%	5.68%
<b>HIGH YIELD BONDS</b>												
Loomis Sayles	37,350,933	2.5%	2.5%	-1.21%	37,772,685	2.5%	2.5%	1.24%	0.01%	15.96%	N/A	N/A
Lehman High Yield Cash Pay Index				-0.89%				0.99%	0.09%	10.83%	N/A	N/A
Sutter/Wells Capital	37,073,599	2.5%	2.5%	-0.30%	37,217,647	2.4%	2.5%	0.31%	0.01%	9.62%	N/A	N/A
Merrill Lynch High Yield Master II Index				-0.89%				0.99%	0.09%	10.63%	N/A	N/A
<b>TOTAL HIGH YIELD BONDS</b>	<b>74,424,532</b>	<b>4.9%</b>	<b>5.0%</b>	<b>-0.76%</b>	<b>74,990,331</b>	<b>4.9%</b>	<b>5.0%</b>	<b>0.77%</b>	<b>0.00%</b>	<b>12.76%</b>	<b>8.94%</b>	<b>3.01%</b>
Lehman High Yield Bond Index				-0.89%				0.99%	0.09%	10.86%	10.67%	5.29%
<b>INTERNATIONAL FIXED INCOME</b>												
<b>International Sovereign</b>												
UBS Global (Brinson)	35,929,305	2.4%	2.5%	-2.12%	36,769,202	2.4%	2.5%	-1.08%	-3.18%	7.92%	7.27%	5.91%
Citigroup Non-US Gov't Bond Index (2)				-2.09%				-1.24%	-3.30%	7.75%	7.05%	5.61%
<b>International Core</b>												
Brandywine	37,390,181	2.5%	2.5%	-1.49%	37,366,135	2.4%	2.5%	0.80%	-0.70%	11.78%	N/A	N/A
Lehman Global Aggregate (ex-US)				-1.93%				-0.86%	-2.77%	8.10%	N/A	N/A
<b>TOTAL INTERNATIONAL FIXED INCOME</b>	<b>73,319,487</b>	<b>4.8%</b>	<b>5.0%</b>	<b>-1.80%</b>	<b>74,135,338</b>	<b>4.8%</b>	<b>5.0%</b>	<b>-0.15%</b>	<b>-1.95%</b>	<b>9.84%</b>	<b>7.92%</b>	<b>6.30%</b>
Citigroup Non-US Gov't Bond Index (2)				-2.09%				-1.24%	-3.30%	7.75%	7.05%	5.61%
<b>REAL ESTATE</b>												
INVESCO	40,766,625			0.00%	40,766,608			7.19%	7.19%	22.20%	7.35%	7.58%
J.P. Morgan	40,868,612			1.17%	40,394,385			6.33%	7.58%	19.52%	8.82%	8.14%
<b>TOTAL REAL ESTATE</b>	<b>81,635,238</b>	<b>5.4%</b>	<b>5.0%</b>	<b>0.58%</b>	<b>81,160,993</b>	<b>5.3%</b>	<b>5.0%</b>	<b>6.76%</b>	<b>7.38%</b>	<b>20.77%</b>	<b>8.07%</b>	<b>7.86%</b>
NCREIF TOTAL INDEX				1.46%				4.44%	5.96%	18.02%	8.12%	8.45%
<b>ALTERNATIVE INVESTMENTS</b>												
Brinson IVCF II	90,179			0.00%	90,179			0.00%	0.00%	0.89%	3.39%	-11.85%
Coral Partners II	124,189			0.00%	123,908			0.19%	0.19%	1.13%	8.13%	-21.66%
Coral Partners V	4,507,295			0.00%	4,441,943			0.01%	0.01%	-18.97%	-18.86%	-19.31%
Coral Partners V - Supplemental	537,363			0.00%	542,802			-7.36%	-7.36%	-6.85%	-4.69%	N/A
Coral Partners VI	5,277,496			0.00%	4,353,286			-1.55%	-1.55%	-1.17%	N/A	N/A
Brinson 1998 Partnership Fund	1,349,195			0.00%	1,348,645			3.17%	3.17%	19.64%	-1.27%	-4.69%
Brinson 1999 Partnership Fund	2,632,394			0.00%	2,631,322			2.44%	2.44%	9.31%	-0.57%	-5.94%
Brinson 2000 Partnership Fund	5,370,973			0.00%	5,368,785			6.45%	6.45%	14.97%	0.60%	-2.31%
Brinson 2001 Partnership Fund	3,174,929			0.00%	3,173,636			3.91%	3.91%	4.00%	1.38%	N/A
Brinson 2002 Partnership Fund	1,984,309			0.00%	1,983,500			3.47%	3.47%	-4.22%	8.90%	N/A
Brinson 2003 Partnership Fund	479,966			0.00%	394,646			7.59%	7.59%	1.71%	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,194,965			0.00%	1,194,478			-5.55%	-5.55%	32.09%	8.96%	4.08%
Brinson 2000 Non-US Partnership Fund	1,650,161			0.00%	1,649,489			-0.69%	-0.69%	15.57%	7.86%	1.75%
Brinson 2001 Non-US Partnership Fund	1,809,485			0.00%	1,808,748			9.11%	9.11%	9.19%	8.22%	N/A
Brinson 2002 Non-US Partnership Fund	2,145,317			0.00%	2,144,443			-0.04%	-0.04%	12.60%	7.71%	N/A
Brinson 2003 Non-US Partnership Fund	1,190,421			0.00%	1,189,936			0.61%	0.61%	2.52%	N/A	N/A
Brinson 2004 Non-US Partnership Fund	311,168			0.00%	311,041			4.09%	4.09%	0.42%	N/A	N/A
Brinson BVCF IV	7,839,175			0.00%	7,204,263			10.29%	10.29%	6.06%	4.49%	-6.48%
Matlin Patterson Global Opportunities	7,615,790			0.00%	7,612,688			-8.79%	-8.79%	102.75%	N/A	N/A
Matlin Patterson Global Opportunities II	6,512,339			0.00%	6,509,686			0.00%	0.00%	N/A	N/A	N/A
InvestAmerica	2,069,550			0.00%	2,068,707			0.00%	0.00%	-18.88%	-6.88%	N/A
Hearthstone MSII	0			0.00%	326,842			0.00%	0.00%	1214.92%	18.39%	13.51%
Hearthstone MSIII	6,950,649			0.00%	5,948,415			4.53%	4.53%	16.51%	N/A	N/A
<b>TOTAL ALTERNATIVE INVESTMENTS (3)</b>	<b>64,817,310</b>	<b>4.3%</b>	<b>5.0%</b>	<b>0.00%</b>	<b>62,421,388</b>	<b>4.1%</b>	<b>5.0%</b>	<b>1.64%</b>	<b>1.64%</b>	<b>17.24%</b>	<b>3.02%</b>	<b>-4.45%</b>
<b>CASH EQUIVALENTS</b>												
Northern Trust STIF/STEP	11,867,266	0.8%	1.0%	0.31%	13,469,141	0.9%	1.0%	0.89%	1.20%	2.19%	1.49%	2.52%
90 Day T-Bill				0.26%				0.83%	1.09%	2.15%	1.20%	2.41%
<b>TOTAL FUND</b>	<b>1,511,750,804</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.66%</b>	<b>1,537,978,684</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.43%</b>	<b>2.70%</b>	<b>14.07%</b>	<b>11.96%</b>	<b>4.66%</b>
POLICY TARGET BENCHMARK				-1.63%				3.67%	1.98%	10.46%	9.88%	3.83%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.